

## HEALTH SERVICES

Budget Summary						FTE Position Summary				
Fund	2014-15 Adjusted Base	Request		2015-17 Change Over Base Year Doubled		2014-15	Request		2016-17 Over 2014-15	
		2015-16	2016-17	Amount	%		2015-16	2016-17	Number	%
GPR	\$3,365,929,100	\$3,705,320,500	\$3,858,050,300	\$831,512,600	12.4%	2,624.91	2,555.51	2,549.15	- 75.76	- 2.9%
FED	5,291,696,000	5,811,679,700	6,028,983,500	1,257,271,200	11.9	1,254.29	1,249.19	1,249.19	- 5.10	- 0.4
PR	963,554,100	1,100,769,100	1,128,104,700	301,765,600	15.7	2,313.85	2,386.85	2,393.21	79.36	3.4
SEG	809,675,800	755,527,100	751,327,300	- 112,497,200	- 6.9	2.00	2.00	2.00	0.00	0.0
TOTAL	\$10,430,855,000	\$11,373,296,400	\$11,766,465,800	\$2,278,052,200	10.9%	6,195.05	6,193.55	6,193.55	- 1.50	0.0%

### Major Request Items

#### 1. OVERVIEW OF MA AND MA-RELATED PROGRAMS

The Department of Health Services (DHS) administers multiple health and human service programs. However, the largest DHS-administered program is the state's medical assistance (MA) program, which includes BadgerCare Plus for low-income individuals and families, and Medicaid coverage for elderly, blind and disabled individuals. This item presents an overview of MA and related programs, not including SeniorCare, and includes these four tables:

- Table 1 summarizes the base level of funding for the program and the amount requested to support MA benefits in the 2015-17 biennium (the "cost-to-continue"), by fiscal year and fund source. The program is supported by general purpose revenue (GPR), federal MA matching funds, three segregated funds (the MA trust fund, the hospital assessment trust fund, the critical access hospital assessment trust fund), and various program revenue (PR) sources, such as drug manufacturer rebates.

- Table 2 summarizes the total funding requested by DHS for MA benefits costs, by purpose or source for the 2015-17 biennium. 2013 Wisconsin Act 20 established new budgeting categories for MA-funded service costs based on recommendations of the Legislative Audit Bureau's December, 2011, evaluation of the program. The current budgeting categories include payments for services to certain groups of MA recipients, payments for specific purposes, and payments to support benefits costs from certain program revenue and segregated revenue sources.

- Table 3 shows actual and projected average monthly enrollment by major eligibility group. Individuals enrolled in Family Care and other home and community-based waiver programs are included in the "Elderly" and "Disabled" enrollment totals. Table 3 understates the number of elderly individuals participating in MA because the Department's eligibility reports, in

order to avoid duplication, classify some individuals who are both elderly and disabled as only being "Disabled" for these purposes.

- Table 4 shows actual and projected SEG revenues to, and expenditures from, the MA trust fund under the Department's 2015-17 budget request.

**TABLE 1**

**Summary of MA Benefits Funding**

	<u>GPR*</u>	<u>FED</u>	<u>PR</u>	<u>SEG**</u>	<u>Total</u>
<b>2015-16</b>					
Base Funding	\$2,517,510,500	\$4,652,604,700	\$580,166,900	\$672,979,200	\$8,423,261,300
Cost-to-Continue	<u>310,369,900</u>	<u>477,816,300</u>	<u>109,266,200</u>	<u>-51,977,200</u>	<u>845,475,200</u>
Total	\$2,827,880,400	\$5,130,421,000	\$689,433,100	\$621,002,000	\$9,268,736,500
<i>Percent Change to Base</i>	<i>12.3%</i>	<i>10.3%</i>	<i>18.8%</i>	<i>-7.7%</i>	<i>10.0%</i>
<b>2016-17</b>					
Base Funding	\$2,517,510,500	\$4,652,604,700	\$580,166,900	\$672,979,200	\$8,423,261,300
Cost-to-Continue	<u>448,592,300</u>	<u>684,864,900</u>	<u>128,457,100</u>	<u>-54,670,300</u>	<u>1,207,244,000</u>
Total	\$2,966,102,800	\$5,337,469,600	\$708,624,000	\$618,308,900	\$9,630,505,300
<i>Percent Change to Base</i>	<i>17.8%</i>	<i>14.7%</i>	<i>22.1%</i>	<i>-8.1%</i>	<i>14.3%</i>
<i>Percent Change to 2015-16</i>	<i>4.9%</i>	<i>4.0%</i>	<i>2.8%</i>	<i>-0.4%</i>	<i>3.9%</i>
<b>2015-17 Biennium</b>					
Base Year Doubled	\$5,035,021,000	\$9,305,209,400	\$1,160,333,800	\$1,345,958,400	\$16,846,522,600
Cost-to-Continue	<u>758,962,200</u>	<u>1,162,681,200</u>	<u>237,723,300</u>	<u>-106,647,500</u>	<u>2,052,719,200</u>
Total	\$5,793,983,200	\$10,467,890,600	\$1,398,057,100	\$1,239,310,900	\$18,899,241,800
<i>Percent Change to Base</i>	<i>15.1%</i>	<i>12.5%</i>	<i>20.5%</i>	<i>-7.9%</i>	<i>12.2%</i>

\*GPR cost-to-continue amount in this table does not match the amount shown in Item #2 due to the exclusion of additional funding DHS requests for adult protective services as part of the MA cost-to-continue item.

\*\*SEG amounts in this table are adjusted to correct a "double-count" that occurs when funds are transferred to the MA trust fund from the hospital and critical access hospital trust funds. Total base SEG appropriations equal \$809,347,200 SEG, including double-counted amounts of \$134,723,900 SEG from the hospital assessment trust fund and \$1,644,100 SEG from the critical access hospital assessment. The SEG cost-to-continue lines in this table include the agency request summarized in Item 2, and an adjustment to account for the interaction between this double counting and changes in the MA federal matching rate.

**TABLE 2**  
**MA Benefits Funding, By Purpose or Source**

<u>Purpose or Source</u>	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>SEG</u>	<u>Total</u>
<b>2015-16</b>					
<i>Services for Certain MA Populations</i>					
BadgerCare Plus	\$643,566,700	\$1,040,832,100			\$1,684,398,800
Fee-for-Service EBD MA and IRIS	900,558,200	1,970,441,200			2,870,999,400
Adults without Dependent Children	337,395,700	469,385,000			806,780,700
Children in Foster Care	32,469,000	45,170,900			77,639,900
Family Planning Only Recipients	2,508,900	14,217,000			16,725,900
Severely and Emotionally Disturbed Children	1,273,500				1,273,500
Well Woman Program (MA Services Only)	1,988,000	14,545,900			16,533,900
<i>Payments for Specific Services</i>					
Family Care Capitation Payments	637,987,200	947,852,600	\$43,332,800		1,629,172,600
Legacy Waiver Benefits	240,382,300	420,667,400			661,049,700
Federal Payments for Locally Matched Services		207,308,900			207,308,900
Community Options Program	29,750,900				29,750,900
Payments for MA Services Provided by Counties					
<i>Payments from Specific Sources for General Benefits</i>					
Drug Manufacturer Rebates, Refunds, Collections			538,507,500		538,507,500
Premium Payments from Recipients			11,352,100		11,352,100
Payment Recoveries			78,908,400		78,908,400
Revenues Transferred from UW System -- IGT			17,332,300		17,332,300
Hospital Assessment Fund -- Hospital Payments				\$414,507,300	414,507,300
Critical Access Hospital Fund -- Hospital Payments				7,485,400	7,485,400
MA Trust Fund				333,217,100	333,217,100
Total Gross Appropriations	\$2,827,880,400	\$5,130,421,000	\$689,433,100	\$755,209,800	\$9,402,944,300
Less Transfer from Hospital Assessment Fund to MA Trust Fund				-\$134,207,800	-\$134,207,800
<b>Total Amount Available for MA Benefits</b>	<b>\$2,827,880,400</b>	<b>\$5,130,421,000</b>	<b>\$689,433,100</b>	<b>\$621,002,000</b>	<b>\$9,268,736,500</b>
<b>2016-17</b>					
<i>Services for Certain MA Populations</i>					
BadgerCare Plus	\$665,679,500	\$1,077,734,100			\$1,743,413,600
Fee-for-Service EBD MA and IRIS	932,293,700	2,038,344,600			2,970,638,300
Adults without Dependent Children	360,216,400	497,135,600			857,352,000
Children in Foster Care	33,972,500	46,885,500			80,858,000
Family Planning Only Recipients	2,501,600	14,175,900			16,677,500
Severely and Emotionally Disturbed Children	1,273,500				1,273,500
Well Woman Program (MA Services Only)	1,089,600	15,907,200			16,996,800
<i>Payments for Specific Services</i>					
Family Care Capitation Payments	674,913,400	989,945,500	\$42,385,200		1,707,244,100
Legacy Waiver Benefits	264,081,200	443,125,500			707,206,700
Federal Payments for Locally Matched Services	-	214,215,700			214,215,700
Community Options Program	29,628,900				29,628,900
Payments for MA Services Provided by Counties	452,500				452,500
<i>Payments from Specific Sources for General Benefits</i>					
Drug Manufacturer Rebates, Refunds, Collections			558,602,500		558,602,500
Premium Payments from Recipients			11,352,100		11,352,100
Payment Recoveries			78,908,400		78,908,400
Revenues Transferred from UW System -- IGT			17,375,800		17,375,800
Hospital Assessment Fund -- Hospital Payments				\$414,507,300	414,507,300
Critical Access Hospital Fund -- Hospital Payments				6,922,200	6,922,200
MA Trust Fund				329,580,100	329,580,100
Total Gross Appropriations	\$2,966,102,800	\$5,337,469,600	\$708,624,000	\$751,009,600	\$9,763,206,000
Less Transfer from Hospital Assessment Fund to MA Trust Fund				-\$132,700,700	-\$132,700,700
<b>Total Amount Available for MA Benefits</b>	<b>\$2,966,102,800</b>	<b>\$5,337,469,600</b>	<b>\$708,624,000</b>	<b>\$618,308,900</b>	<b>\$9,630,505,300</b>

TABLE 3

## Actual and Projected Average Monthly Enrollment, by Fiscal Year

	Actual			Projected		
	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
<b>BadgerCare Plus</b>						
Children	477,300	479,400	478,100	468,200	470,500	475,200
Parents and Caretakers	264,000	251,500	229,000	182,100	184,200	186,100
Pregnant Women	21,000	20,700	21,100	21,300	21,300	21,300
Childless Adults	<u>28,800</u>	<u>20,300</u>	<u>39,000</u>	<u>139,600</u>	<u>147,500</u>	<u>149,700</u>
<b>Total BadgerCare Plus</b>	<b>791,100</b>	<b>771,900</b>	<b>767,200</b>	<b>811,200</b>	<b>823,500</b>	<b>832,300</b>
% Change		-2.4%	-0.6%	5.7%	1.5%	1.1%
<b>Elderly, Blind and Disabled (EBD)</b>						
Elderly	36,900	35,900	34,800	33,300	32,200	31,000
Disabled						
MA Only	90,800	93,300	94,400	95,400	96,400	97,400
MA/Medicare Dual Eligibles	<u>85,800</u>	<u>89,300</u>	<u>92,500</u>	<u>94,500</u>	<u>97,400</u>	<u>100,300</u>
Subtotal, Disabled	176,600	182,600	186,900	189,900	193,800	197,700
<b>Total EBD</b>	<b>213,500</b>	<b>218,500</b>	<b>221,700</b>	<b>223,200</b>	<b>226,000</b>	<b>228,700</b>
% Change		2.3%	1.5%	0.7%	1.3%	1.2%
<b>Other Groups</b>						
Family Planning Only Services	67,300	72,900	69,800	48,900	46,400	46,900
Limited Benefit Medicare						
Beneficiaries	19,600	20,400	21,500	22,200	23,300	24,500
Foster Children	17,300	17,800	16,700	17,400	17,600	17,800
Well Woman MA	900	1,000	900	800	800	900
Basic Plan	<u>3,000</u>	<u>1,600</u>	<u>800</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Other</b>	<b>108,100</b>	<b>113,700</b>	<b>109,700</b>	<b>89,300</b>	<b>88,100</b>	<b>90,100</b>
% Change		5.2%	-3.5%	-18.6%	-1.3%	2.3%
<b>Total MA Enrollment</b>	<b>1,112,700</b>	<b>1,104,100</b>	<b>1,098,600</b>	<b>1,123,700</b>	<b>1,137,600</b>	<b>1,151,100</b>
% Change		-0.8%	-0.5%	2.3%	1.2%	1.2%

**TABLE 4**

**Actual and Projected MA Trust Fund (MATF) Balances  
Fiscal Years 2012-13 through 2016-17**

	<u>Actual</u>		<u>Projected</u>		
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
<b>Beginning Balance</b>	\$10,058,200	\$0	\$0	\$0	\$0
<b>Revenues</b>					
<i><b>Provider Assessments</b></i>					
Hospital Assessment*	\$152,291,900	\$151,939,900	\$134,723,900	\$132,797,600	\$131,493,700
Nursing Home/ICF-ID Bed Assessment**	78,464,700	76,512,500	74,388,900	72,344,200	70,214,300
Ambulatory Surgical Center Assessment**	16,624,300	16,616,600	16,600,000	16,600,000	16,600,000
Critical Access Hospital Assessment*	<u>0</u>	<u>2,548,200</u>	<u>1,644,100</u>	<u>1,410,200</u>	<u>1,207,000</u>
Subtotal	\$247,380,900	\$247,617,200	\$227,356,900	\$223,152,000	\$219,515,000
<i><b>Federal MA Funds Deposited to MA Trust Fund</b></i>					
Nursing Home Certified Public					
Expenditure Program	\$47,725,500	\$24,705,600	\$35,134,200	\$35,134,200	\$35,134,200
Intergovernmental Transfer From UW System	7,331,400	15,955,100	14,419,200	12,685,300	12,685,300
HealthCheck-Eligible Services Provided by					
Residential Care Centers	5,500,000	8,000,000	6,945,600	6,945,600	6,945,600
Hospital Certified Public Expenditure Program	<u>6,162,500</u>	<u>5,178,000</u>	<u>5,400,000</u>	<u>5,400,000</u>	<u>5,400,000</u>
Subtotal	\$66,719,400	\$53,838,700	\$61,899,000	\$60,165,100	\$60,165,100
<i><b>Other</b></i>					
Transfer from Permanent Endowment Fund	\$50,000,000	\$50,000,000	\$50,000,000	\$50,000,000	\$50,000,000
Interest Paid to the General Fund	-54,200	-32,300	-100,000	-100,000	-100,000
<b>Total Revenue</b>	\$364,046,100	\$351,423,600	\$339,155,900	\$333,217,100	\$329,580,100
<b>Expenditures from MATF</b>	\$374,104,300	\$351,423,600	\$339,155,900	\$333,217,100	\$329,580,100
<b>Ending Balance</b>	\$0	\$0	\$0	\$0	\$0

\*Deposited in separate trust fund and then transferred to the MATF.

\*\*Deposited directly in the MATF.

**2. MEDICAL ASSISTANCE COST-TO-CONTINUE**

Request \$843,833,700 (\$310,888,600 GPR, \$477,816,300 FED, \$109,266,200 PR and -\$54,137,400 SEG) in 2015-16 and \$1,204,109,000 (\$449,124,600 GPR, \$684,864,900 FED, \$128,457,100

GPR	\$760,013,200
FED	1,162,681,200
PR	237,723,300
SEG	<u>- 112,475,000</u>
Total	\$2,047,942,700

PR and -\$58,337,600 SEG) in 2016-17 to fund projected costs of providing benefits under the state's medical assistance (MA) program during the 2015-17 biennium. The funding request is based on DHS projections of MA caseload growth, changes in service use "intensity" (changes in the mix of services enrollees use, and the costs of providing services) and other funding changes over the remainder of state fiscal year 2014-15 and the 2015-17 biennium.

DHS has identified the following major factors contributing to the requested \$760.0 million GPR biennial increase: (a) increases in managed care and fee-for-service service utilization, or "intensity" (\$256.8 million); (b) caseload growth above previous estimates (\$136.4 million); (c) decreases in federal matching funds resulting from reductions in the state's federal medical assistance percentage (FMAP), compared to the 2013 Act 20 estimate for 2014-15 (\$103.3 million); (d) "clawback" payments to the federal government for drugs provided to MA recipients who are also enrolled in Medicare (\$58.2 million); (e) decrease in projected SEG revenues to the MA trust fund that offset GPR spending (\$56.3 million); (f) additional costs associated with the excise tax on health maintenance organizations in the federal Patient Protection and Affordable Care Act (\$46.8 million); (g) full funding of the state's costs of providing comprehensive community services, a mental health benefit (\$26.0 million); (h) fully funding the cost of services provided at federally-qualified health centers (\$20.3 million); (i) additional costs of the Family Care expansion to seven counties in northeastern Wisconsin (\$3.7 million); and (j) other factors (\$52.2 million).

This item modifies funding for 10 appropriations that support MA benefits costs, resulting in a net increase of \$843,315,000 (\$310,369,900 GPR, \$477,816,300 FED, \$109,266,200 PR, and -\$54,137,400 SEG) in 2015-16 and \$1,203,576,700 (\$448,592,300 GPR, \$684,864,900 FED, \$128,457,100 PR, and -\$58,337,600 SEG) in 2016-17, and one appropriation that funds costs of adult protective services, for which the state has provided funding as part of the expansion of Family Care (\$518,700 GPR in 2015-16 and \$532,300 GPR in 2016-17).

### 3. SENIORCARE REESTIMATE

Request \$20,069,200 (\$1,644,100 GPR, \$4,221,500 FED, and \$14,203,600 PR) in 2015-16 and \$32,247,100 (\$4,313,900 GPR, \$7,011,400 FED, and \$20,921,800 PR) in 2016-17 to fund projected increases in the cost of benefits under the SeniorCare program in the 2015-17 biennium. SeniorCare provides drug benefits for Wisconsin residents over the age of 65 who are not eligible for Medicaid benefits.

GPR	\$5,958,000
FED	11,232,900
PR	<u>35,125,400</u>
Total	\$52,316,300

The program is supported with a combination of state funds (GPR), federal funds the state receives under an MA demonstration waiver (FED), and program revenue (PR) from rebate payments DHS collects from drug manufacturers. The program has four income eligibility categories, each with different requirements for deductibles and with different allocations of program costs among the fund sources.

The funding increase reflects the Department's 2015-17 assumptions for enrollment, distribution of enrollees among eligibility categories, cost per enrollee, federal matching percentages, and drug rebate revenue estimates. DHS projects that SeniorCare enrollment will increase by 1% annually, and that the distribution of enrollees among the program's four eligibility categories will match the distribution of enrollees from the final month of 2013-14. Based on recent increases in average program costs, the average cost per enrollee is projected to increase by 10.3% annually over the three-year period from 2014-15 through 2016-17.

Although total SeniorCare expenditures are projected to increase over the three-year period, the percentage of benefits costs funded by drug rebate revenue is expected to also

increase, which would mitigate the impact on GPR and FED costs. The following table summarizes the Department's request.

	Actual 2013-14	Projected 2014-15	DHS Request	
			2015-16	2016-17
<b>Benefits Funding</b>				
GPR	\$16,036,400	\$19,280,100	\$20,960,100	\$23,629,900
FED	17,254,500	19,601,300	20,916,200	23,706,100
PR	<u>52,938,800</u>	<u>58,657,700</u>	<u>64,712,400</u>	<u>71,430,600</u>
Total	\$86,229,700	\$97,539,100	\$106,588,700	\$118,766,600
<b>2014-15 Base Funding</b>				
GPR			\$19,316,000	\$19,316,000
FED			16,694,700	16,694,700
PR			<u>50,508,800</u>	<u>50,508,800</u>
Total			\$86,519,500	\$86,519,500
<b>Change to Base</b>				
GPR			\$1,644,100	\$4,313,900
FED			4,221,500	7,011,400
PR			<u>14,203,600</u>	<u>20,921,800</u>
Total			\$20,069,200	\$32,247,100
Average Monthly Enrollment	84,384	84,877	85,726	86,583

#### 4. FOODSHARE EMPLOYMENT AND TRAINING

GPR	\$29,974,000
FED	<u>21,347,600</u>
Total	\$51,321,600

Request \$21,691,400 (\$13,002,300 GPR and \$8,689,100 FED) in 2015-16 and \$29,630,200 (\$16,971,700 GPR and \$12,658,500 FED) in 2016-17 to fund DHS estimates of the annualized costs of providing FoodShare Employment and Training (FSET) services to certain able-bodied adults without dependent children (ABAWDs), who may seek these services as one way of fulfilling work requirements enacted as part of 2013 Act 20.

FSET provides education, skills, and work experience to enable FoodShare recipients, including ABAWDs, to obtain competitive employment and enhance earning potential. The program is supported with: (a) a \$1.5 million annual FED allocation that requires no state match for services that enable individuals to obtain unsubsidized employment; (b) FED funds that match state and local funds for administrative expenses that exceed the 100% federal allocation and for supportive services to participating individuals for expenses directly related to participation in FSET; (c) GPR base funding for FSET service costs (\$13,925,300 annually); and (d) county contributions (\$1,700,000 annually).

Under Act 20, the amount of state and federal funding budgeted for FSET services for ABAWDs in 2014-15 (\$22,958,400 all funds) was based on the assumption that the work requirements would take effect in Kenosha, Racine, and Walworth County in July, 2014, three other regions by October, 2014, and the rest of the state by January, 2015. Consequently, the agency's base funding for FSET services for ABAWDs does not reflect the annualized, statewide costs of these services. The request maintains current funding for FSET services for FoodShare recipients who are not subject to the new work requirements.

Table 1 identifies the Department's FSET enrollment estimates for the ABAWD population for fiscal years 2014-15 through 2016-17. Table 2 identifies the amounts that would be budgeted for the FSET program under the Department's budget request.

**TABLE 1**

**DHS ABAWD Enrollment Estimates**

	State Fiscal Year		
	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Monthly Average Number of ABAWDs (Approximately 14.8% of All FoodShare Recipients)	42,743	127,208	147,300
Less Monthly Average Number of ABAWD Exempt from Work Requirement (Approximately 47.3% of all ABAWDs)	<u>-20,224</u>	<u>-60,190</u>	<u>-69,697</u>
Monthly Average Number of ABAWDs Subject to Work Requirement	22,519	67,018	77,603
Monthly Average Number of ABAWDs Participating in FSET (50% of ABAWDs Subject to Work Requirement)	11,259	33,509	38,801

**TABLE 2**

**Budgeted Expenditures by Funding Source and Year**

	2015-16				2016-17			
	<u>GPR</u>	<u>County</u>	<u>FED*</u>	<u>Total</u>	<u>GPR</u>	<u>County</u>	<u>FED*</u>	<u>Total</u>
FSET Services								
Non-Exempt ABAWDs	\$25,131,600	\$0	\$25,131,600	\$50,263,200	\$29,101,000	\$0	\$29,101,000	\$58,202,000
Voluntary Participants	<u>1,571,000</u>	<u>1,700,000</u>	<u>4,521,000</u>	<u>7,792,000</u>	<u>1,571,000</u>	<u>1,700,000</u>	<u>4,521,000</u>	<u>7,792,000</u>
Subtotal -- Services	\$26,702,600	\$1,700,000	\$29,652,600	\$58,055,200	\$30,672,000	\$1,700,000	\$33,622,000	\$65,994,000
DHS Program Management	\$0	\$0	\$250,000	\$250,000	\$0	\$0	\$250,000	\$250,000
Program Evaluation	<u>225,000</u>	<u>0</u>	<u>225,000</u>	<u>450,000</u>	<u>225,000</u>	<u>0</u>	<u>225,000</u>	<u>450,000</u>
Total	\$26,927,600	\$1,700,000	\$30,127,600	\$58,755,200	\$30,897,000	\$1,700,000	\$34,097,000	\$66,694,000
Base Funding	<u>-13,925,300</u>	<u>-1,700,000</u>	<u>-21,438,500</u>	<u>-37,063,800</u>	<u>-13,925,300</u>	<u>-1,700,000</u>	<u>-21,438,500</u>	<u>-37,063,800</u>
Difference (DHS Request)	\$13,002,300	\$0	\$8,689,100	\$21,691,400	\$16,971,700	\$0	\$12,658,500	\$29,630,200

\*There are two sources of federal funding for FSET -- \$1.5 million annually, with no match requirement, and funds that match state and county funds for eligible administration and service costs. Although it is anticipated that both FED sources would support FSET services for non-exempt ABAWDs and voluntary FSET participants, the table allocates the \$1.5 million exclusively for FSET services for voluntary participants and DHS operations.

**5. MA AND FOODSHARE ADMINISTRATION CONTRACTS**

Request \$9,454,100 (\$4,703,300 GPR and \$4,750,800 FED) in 2015-16 and \$10,748,000 (\$6,408,200 GPR and \$4,339,800 FED) in

GPR	\$11,111,500
FED	<u>9,090,600</u>
Total	\$20,202,100



2016-17 to fund the difference between the estimated cost of contracted services for the administration of the state's MA and FoodShare programs in each year of the 2015-17 biennium and base funding for these contracts. This item does not include funding changes for contracts with income maintenance consortia, which perform eligibility determination and case management functions for these programs, or funding changes for state operations.

*Fiscal Agent Contract (HP).* The fiscal agent for the MA program, currently HP Enterprise Services, processes provider claims and provides member and provider enrollment services, provides customer service for members and providers, produces summary reports, conducts program integrity functions, and maintains the Medicaid Management Information System (MMIS). DHS requests additional funding to support higher costs for a newly-renegotiated five-year contract, including: (a) a higher "flat fee" component of the contract; (b) increased funding to support projects that are expected to reduce benefits costs and meet federal requirements and other program objectives; (c) inflationary increases incorporated in the contract; and (d) continuation of projects to implement provisions of the federal Affordable Care Act.

*CARES (Deloitte).* The Client Assistance for Re-employment and Economic Support (CARES) system assists state and county staff in determining applicants' eligibility for MA, SeniorCare, FoodShare, Wisconsin Shares, and TANF/W-2. DHS contracts with Deloitte for programming, analysis and maintenance tasks for CARES. DHS requests additional funding to increase the number of budgeted hours of services Deloitte will provide, from approximately 189,600 hours budgeted in 2014-15 under 2013 Act 20, to 234,000 hours in each year of the 2015-17 biennium to support current operations, maintenance and reporting requirements, new projects to meet federal requirements, and to implement state initiated program changes. In 2014-15, DHS expects to purchase approximately 270,600 hours of services from Deloitte. The estimate also reflects a provision in the current contract that increases the hourly rate DHS pays for these services, from \$104 per hour to \$109 per hour, beginning in 2016, and \$115 per hour, beginning in 2017. In addition, DHS estimates that a greater portion of these services will be for maintenance, rather than development services (for which greater federal cost-sharing is available), resulting in an increase in GPR and a corresponding reduction of FED needed to support the contract.

Minor funding changes are requested for other CARES-related costs, including hosting and data storage charges DHS pays to the Department of Administration's Division of Enterprise Technology.

*Other Contracts (Various Entities).* DHS contracts with several other entities to provide administrative services to the MA program, including rate-setting for hospitals, actuarial services, assistance in claiming federal funds for MA-eligible school-based medical services and services provided by counties, and consulting services. DHS requests minor funding changes for these contracts.

*Division of Long-Term Care Contracts.* The Division of Long-Term Care funds contracted services for MA long-term care programs as part of the Division's general program operations budget. These services include CARES, allocated costs from the fiscal agent contract,

actuarial services, nursing home rate-setting, quality review, and external advocacy services. DHS requests \$724,900 (\$674,900 GPR and \$50,000 FED) in 2015-16 and \$1,000,300 (\$1,220,800 GPR and -\$220,500 FED) in 2016-17 to increase funding for contracted services.

The following table summarizes the Department's request.

### Funding Summary -- MA and FoodShare Administrative Contracts

	2015-16		2016-17	
	<u>GPR</u>	<u>FED</u>	<u>GPR</u>	<u>FED</u>
<b>Division of Health Care Access and Accountability (DHCAA)</b>				
Fiscal Agent -- HP	\$21,992,400	\$44,896,700	\$22,121,400	\$43,873,400
CARES -- Deloitte	9,151,700	17,057,500	9,680,200	17,918,900
CARES -- Other Contracts	11,770,800	18,085,200	11,775,800	18,090,200
Contracts for Other Administrative Services	<u>10,685,300</u>	<u>16,530,300</u>	<u>11,181,800</u>	<u>16,546,900</u>
Subtotal	\$53,600,200	\$96,569,700	\$54,759,200	\$96,429,400
Net Offsets from Other DHCAA Appropriations	<u>-\$755,600</u>	<u>\$2,184,900</u>	<u>-\$755,600</u>	<u>\$2,184,700</u>
Total Funding Request	\$52,844,600	\$98,754,600	\$54,003,600	\$98,614,100
Base Funding -- MA and FoodShare Contracts	\$48,816,200	\$94,053,800	\$48,816,200	\$94,053,800
DHS Request -- Change to Base	\$4,028,400	\$4,700,800	\$5,187,400	\$4,560,300
<b>Division of Long-Term Care</b>				
Requested Funding Increase	<u>\$674,900</u>	<u>\$50,000</u>	<u>\$1,220,800</u>	<u>-\$220,500</u>
<b>Total Requested Change to Base</b>	<b>\$4,703,300</b>	<b>\$4,750,800</b>	<b>\$6,408,200</b>	<b>\$4,339,800</b>

## 6. FUNERAL AND CEMETERY AIDS

GPR	\$1,245,500
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Request \$382,900 in 2015-16 and \$862,600 in 2016-17 to fund projected increases in the cost of reimbursing funeral homes, cemeteries, and crematories for eligible services they provide to certain deceased individuals who were MA and Wisconsin Works participants at the time of their death. Wisconsin's funeral and cemetery aids program provides this financial assistance in cases when the estates of the decedents are insufficient to pay qualifying costs. The statutes require the state to pay: (a) the lesser of \$1,000 or the cemetery expenses that are not paid by the estate of the deceased or other persons, if the total cemetery expenses for the recipient do not exceed \$3,500; and (b) the lesser of \$1,500 or the funeral and burial expenses not paid by the estate of the deceased and other person, if the total funeral and burial expenses do not exceed \$4,500. Base funding for the program is \$10,804,900 GPR. DHS projects reimbursement to total \$11,187,800 GPR in 2015-16 and \$11,667,500 in 2016-17.

## 7. SUPPLEMENTAL SECURITY INCOME (SSI)

GPR	\$9,898,200
PR	- 3,168,600
Total	\$6,729,600

Request \$2,099,700 (\$3,684,000 GPR and -\$1,584,300 PR) in 2015-16 and \$4,629,900 (\$6,214,200 GPR and -\$1,584,300 PR) in 2016-17 to fund the projected

cost of supplemental security income (SSI) state benefit payments. SSI provides federal and GPR-funded benefits to low-income residents who are elderly, blind, or disabled. Recipients with dependent children may also receive an additional caretaker supplement, supported by federal temporary assistance to needy families (TANF) funds transferred as program revenue from the Department of Children and Families (DCF).

*Basic State Supplement.* Request \$3,684,000 GPR in 2014-15 and \$6,214,200 GPR in 2016-17 to fully fund projected costs of state supplemental SSI benefits. In May, 2014, approximately 120,000 individuals received state supplemental payments, including the basic supplement (\$83.78 per month for single individuals) and the exceptional expense benefit (\$95.99 per month for single individuals). Base funding for these payments is \$151,607,400 GPR, budgeted in a sum sufficient appropriation. DHS projects payments of \$155,291,400 GPR in 2015-16 and \$157,821,600 GPR in 2016-17.

*Caretaker Supplement.* Request a reduction of \$1,584,300 PR annually to reflect estimates of the amounts needed to fully fund projected SSI caretaker supplement benefit payments. DHS provides SSI recipients with a monthly payment of \$250 for the first dependent child and \$150 for each additional dependent child. Base TANF funding for the caretaker supplement is \$32,017,700. DHS projects caretaker supplement benefit payments will total \$30,433,400 PR in each year of the 2015-17 biennium, which is the amount DHS expended for these payments in 2013-14.

## 8. MENTAL HEALTH INSTITUTES FUNDING SPLIT

Request GPR funding reductions of \$3,068,100 in 2015-16 and \$3,575,900 in 2016-17 and PR funding increases by corresponding amounts to adjust funding at the Mendota and Winnebago mental health institutes (MHIs) to reflect an increase in the percentage of patients whose care is funded from program revenue, rather than GPR. Convert 71.60 GPR positions to PR positions in 2015-16, and an additional 6.36 GPR positions to PR positions in 2016-17, so that a total of 77.96 GPR positions would be converted to PR positions in 2016-17.

	Funding	Positions
GPR	- \$6,644,000	- 77.96
PR	<u>6,644,000</u>	<u>77.96</u>
Total	\$0	0.00

The share of MHI costs funded by GPR and PR is based on the composition of the patient population. The state is responsible for the cost of caring for forensic patients, which it funds with GPR. The cost of caring for civilly-committed patients is funded from program revenues paid by counties and third-party payers, including MA for MA-eligible populations. In general, the PR-funded patients have increased as a percentage of the total patient population, accounting for the funding and position shift.

The following table shows DHS estimates of patient populations at each MHI, by year and fund source.

## DHS Population Estimates -- Mental Health Institutes

	2015-16			2016-17		
	<u>GPR</u>	<u>PR</u>	<u>Total</u>	<u>GPR</u>	<u>PR</u>	<u>Total</u>
<b>Mendota</b>						
Forensic Programs	252.2	7.0	259.2	252.2	7.0	259.2
Geropsychiatric Unit	0.0	15.0	15.0	0.0	15.0	15.0
Juvenile Treatment Center	<u>28.8</u>	<u>0.0</u>	<u>28.8</u>	<u>28.8</u>	<u>0.0</u>	<u>28.8</u>
Total	281.0	22.0	303.0	281.0	22.0	303.0
Percentage of Total Patients	93%	7%	100%	93%	7%	100%
<b>Winnebago</b>						
Forensic Programs	90.0	34.0	124.0	90.0	39.0	129.0
Adult Civil Units	0.0	39.0	39.0	0.0	39.0	39.0
Children's Units	<u>0.0</u>	<u>44.0</u>	<u>44.0</u>	<u>0.0</u>	<u>47.0</u>	<u>47.0</u>
Total	90.0	117.0	207.0	90.0	125.0	215.0
Percentage of Total Patients	43%	57%	100%	42%	58%	100%

### 9. CONTRACTED MENTAL HEALTH SERVICES

GPR	\$5,381,500
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Request \$2,011,100 in 2015-16 and \$3,370,400 in 2016-17 to fund projected increases in the costs of competency examinations, restoration to competency treatment, conditional release, and supervised release services for mental health clients served by DHS facilities. Generally, the Department's estimates for these services are based on the assumption that the per-client costs will increase at 2.1% annually, and that caseloads will increase based on historical trends.

*Outpatient Competency Examination.* Chapter 971 of the statutes prohibits courts from trying, convicting, or sentencing an individual if the individual lacks substantial mental capacity to understand the proceedings or assist in his or her own defense. Courts may order that DHS conduct competency examinations, which may be performed either on an inpatient basis by DHS staff at the state mental institutes, or on an outpatient basis in jails and locked units of other facilities by contracted staff. This item would increase funding for contracted examinations.

*Treatment to Competency Services.* DHS contracts with a vendor to provide outpatient treatment services to individuals who are determined to be not competent to proceed to a criminal trial if a court determines that the individual is likely to be competent within 12 months, or the maximum sentence specified for the most serious offense with which the defendant is charged.

*Conditional Release Services.* The conditional release program provides treatment to individuals who have been found not guilty by reason of mental disease or defect and are either immediately placed on conditional release following the court's finding, or following release from one of the state's mental health institutes. DHS contracts with five organizations, each of which provides services in one of five regions of the state, to provide these services.

*Supervised Release Services.* The supervised release program provides community-based treatment to individuals who are found to be sexually violent persons (SVPs) under Chapter 980

of the statutes. SVPs are committed to DHS and provided institutional care at the Sand Ridge Secure Treatment Center in Mauston, but may petition the court for supervised release if at least 12 months have elapsed since the initial commitment order was entered, the most recent release petition was denied, or the most recent order for supervised release was revoked.

*Corrections Contract Costs for Supervision.* DHS contracts with the Department of Corrections to supervise individuals on conditional and supervised release, and to provide escort and global positioning system (GPS) services to individuals on supervised release

The following table summarizes the Department's estimates of clients and costs DHS will incur to provide these contracted services in the 2015-17 biennium.

#### Contracted Services for Mental Health Clients

	2015-16			2016-17		
	<u>Number</u>	<u>Average Cost</u>	<u>Total</u>	<u>Number</u>	<u>Average Cost</u>	<u>Total</u>
Outpatient Competency Exams	1,346	\$1,310	\$1,763,300	1,411	\$1,340	\$1,890,700
Restoration to Competency	100	10,820	1,082,000	118	11,050	1,303,900
Conditional Release	345	14,260	4,919,700	361	14,560	5,256,200
Supervised Release	52	67,410	3,505,300	59	68,830	4,061,000
Subtotal			\$11,270,300			\$12,511,800
Corrections						
Supervision for Conditional Release			\$768,800			\$830,400
Supervision for Supervised Release			201,500			217,700
Escort and Transportation Costs for SVPs			371,600			401,400
Global Position Tracking (GPS) Services for SVPs			128,100			138,300
Subtotal			\$1,470,000			\$1,587,800
Total Funding Requested			\$12,740,300			\$14,099,600
Base Funding			\$10,729,200			\$10,729,200
Difference (Requested Change to Base)			\$2,011,100			\$3,370,400

#### 10. SUPPLIES AND SERVICES FOR RESIDENTS AT DHS FACILITIES

GPR	- \$2,615,400
PR	3,672,400
Total	\$1,057,000

Request a funding reduction of \$1,050,200 (-\$2,362,300 GPR and \$1,312,100 PR) in 2015-16 and a funding increase of \$2,107,200 (-\$253,100 GPR and \$2,360,300 PR) in 2016-17 to reflect estimates of the cost of providing non-food supplies and services for residents at the three State Centers for People with Developmental Disabilities (Centers), the two mental health institutes (MHIs), the Wisconsin Resource Center, and the Sand Ridge Secure Treatment Center. This funding supports medical services (including hospitalizations, diagnostic testing, and outpatient medical visits), drugs, clothing, and other supplies. The Department's request includes GPR funding reductions at these facilities, primarily because the agency's base budget for these services exceeds anticipated expenditures at Sand Ridge and at the MHIs. The increases in PR funding are due primarily to an increase in the population of civil commitments at the

Winnebago MHI and projected increases in drug and medical services costs for residents at the State Centers.

## 11. STANDARD BUDGET ADJUSTMENTS

Request \$15,830,600 (\$8,487,900 GPR, \$361,300 FED, \$6,992,700 PR and -\$11,300 SEG) in 2015-16 and \$16,026,400 (\$8,594,400 GPR, \$416,400 FED, \$7,026,500 PR, and -\$10,900 SEG) in 2016-17, and a reduction of 1.50 positions (-0.75 GPR

	Funding	Positions
GPR	\$17,082,300	- 0.75
FED	777,700	- 0.75
PR	14,019,200	0.00
SEG	<u>- 22,200</u>	<u>0.00</u>
Total	\$31,857,000	- 1.50

positions and -0.75 FED positions) beginning in 2015-16, to reflect the following standard budget adjustments: (a) turnover reduction (-\$881,600 GPR, -\$1,658,500 FED, and -\$407,900 PR annually); (b) removal of noncontinuing items (-\$55,000 GPR and -\$55,000 FED annually, and -0.75 GPR position and -0.75 FED position beginning in 2015-16); (c) full funding of continuing salaries and fringe benefits (\$4,535,400 GPR, \$2,909,900 FED, \$1,354,700 PR and -\$8,700 SEG annually); (d) overtime (\$1,943,700 GPR and \$4,120,500 PR annually); (e) night and weekend salary (\$1,913,600 GPR, \$101,400 FED, and \$2,427,000 PR annually); (f) lease costs (\$1,031,800 GPR, -\$936,500 FED, -\$501,600 PR, and -\$2,600 SEG in 2015-16, and \$1,138,300 GPR, -\$881,400 FED, -\$467,800 PR and -\$2,200 SEG in 2016-17); and (g) minor transfers within appropriations.

## 12. FEDERAL FUNDING REESTIMATE

FED	\$53,068,800
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Request \$24,608,500 in 2015-16 and \$28,460,300 in 2016-17 for funding adjustments to federal appropriations that are not included in other items in this section, such as federal funding for MA benefits. The following table shows the base funding amount for each appropriation affected by this item, the funding change requested under this item, the net funding changes DHS has requested to these appropriations under other items, and the total amounts DHS would be budgeted in these FED appropriations under the DHS budget request.

<u>Appropriation, by Division</u>	2014-15 Base <u>Funding</u>	2015-16			2016-17		
		<u>Funding Adjustment</u>	<u>Other Agency Requests</u>	<u>Total</u>	<u>Funding Adjustment</u>	<u>Other Agency Requests</u>	<u>Total</u>
<b>Public Health</b>							
Preventive Health Block Grant	\$1,625,400	\$532,200	\$307,700	\$2,465,300	\$532,200	\$307,700	\$2,465,300
Maternal and Child Health Block Grant	6,071,700	427,000	0	6,498,700	427,000	0	6,498,700
<b>Health Care Access and Accountability</b>							
FoodShare Administration	5,557,500	9,120,600	321,900	15,000,000	10,120,600	321,900	16,000,000
Income Maintenance	37,081,600	6,918,400	0	44,000,000	7,918,400	0	45,000,000
MA Administration - Family Care	21,165,800	7,834,200	0	29,000,000	8,834,200	0	30,000,000
<b>Mental Health and Substance Abuse</b>							
Mental Health Block Grant	5,922,500	-443,100	-9,700	5,469,700	-443,100	-9,700	5,469,700
Substance Abuse Block Grant	27,891,900	-92,900	-10,100	27,788,900	-92,900	-10,100	27,788,900
Project Operations	136,400	296,300	0	432,700	296,300	0	432,700
Project Aids	937,300	-602,700	0	334,600	-602,700	0	334,600
Block Grant - Local Assistance	2,100,400	9,100	0	2,109,500	9,100	0	2,109,500
<b>Long-term Care</b>							
Program Aids	27,875,700	1,124,300	0	29,000,000	2,124,300	0	30,000,000
Social Services Block Grant	21,681,000	-1,765,600	0	19,915,400	-1,858,700	0	19,822,300
<b>General Administration</b>							
Indirect Cost Reimbursement	2,658,500	936,500	-882,200	2,712,800	881,400	-827,100	2,712,800
Office of the Inspector General	250,000	<u>314,200</u>	0	564,200	<u>314,200</u>	0	564,200
Total		\$24,608,500			\$28,460,300		

### 13. PROGRAM REVENUE FUNDING ADJUSTMENTS

PR	\$7,355,300
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Request \$3,782,100 in 2015-16 and \$3,573,200 in 2016-17 to reflect the net effect of funding adjustments to program revenue appropriations. The following table shows the base funding amount for each appropriation affected by this item, the funding change requested under this item, the net funding changes DHS requested to these appropriations under other items, and the total amounts DHS would be budgeted in these PR appropriations under the DHS budget request.

Appropriation, by Division	2014-15 Base Funding	2015-16			2016-17		
		Funding Adjustment	Other Agency Requests	Total	Funding Adjustment	Other Agency Requests	Total
<b>Public Health</b>							
Health Care Information	\$1,595,900	\$404,100	\$2,000	\$2,002,000	\$0	\$2,000	\$1,597,900
WIC Administration	84,000	-35,800	0	48,200	-35,800	0	48,200
Interagency and Intra-agency Programs	2,752,900	1,034,700	269,700	4,057,300	1,034,700	269,700	4,057,300
Interagency and Intra-agency Aids	914,700	-814,700	0	100,000	-814,700	0	100,000
Congenital Disorders	325,800	176,200	0	502,000	176,200	0	502,000
<b>Institutions</b>							
Mental Health Institute Operations	31,990,100	2,198,500	8,614,300	42,802,900	2,198,500	9,309,700	43,498,300
Extended Intensive Treatment	500,000	-400,000	0	100,000	-400,000	0	100,000
<b>Health Care Access and Accountability</b>							
SeniorCare Administration	2,769,100	1,400,000	11,700	4,180,800	1,400,000	11,700	4,180,800
Chronic Disease Program - Drug Rebates	610,000	490,000	0	1,100,000	590,000	0	1,200,000
MA Administration - Recoveries	5,530,200	-3,500,000	0	2,030,200	-3,500,000	0	2,030,200
MA Provider Audits and Reviews	0	206,500	0	206,500	228,400	0	228,400
Interagency and Intra-agency Programs	4,848,400	1,400,000	-1,391,600	4,856,800	1,400,000	-1,391,600	4,856,800
<b>Mental Health and Substance Abuse</b>							
Gifts and Grants	274,700	-141,600	600	133,700	-141,600	600	133,700
Interagency and Intra-agency Programs	2,902,100	477,700	81,200	3,461,000	556,800	81,200	3,540,100
<b>Long-Term Care</b>							
Cost Recoveries	371,800	-287,500	0	84,300	-287,500	0	84,300
Gifts and Grants	136,000	140,100	0	276,100	134,100	0	270,100
Children's Long-term Support Waivers	653,300	913,800	0	1,567,100	914,000	0	1,567,300
<b>General Administration</b>							
OIG Interagency and Intra-agency Programs	293,600	120,100	17,500	431,200	120,100	17,500	431,200
Total		\$3,782,100			\$3,573,200		

#### 14. FUNDING AND POSITION TRANSFERS

Request a reduction of \$356,400 (-\$463,800 FED and \$107,400 PR) annually, and convert the funding sources for current positions to create a net increase of 2.95 GPR positions

	Funding	Positions
GPR	\$0	2.95
FED	- 463,800	- 4.35
PR	107,400	1.40
Total	- \$356,400	0.00

and 1.40 PR positions and a net decrease of 4.35 FED positions, beginning in 2015-16. These transfers are intended to budget current base positions from appropriations that better reflect the current activities of these positions. This item includes: (a) the transfer of 25.50 positions from Mendota Mental Health Institute (MMHI) to Winnebago Mental Health Institute (WMHI), resulting from a reduction of 18 staffed civil beds at MMHI that occurred in March, 2014 (beds that were converted to forensic units in April and May of that year), and the reallocation of these positions to WMHI to staff eight additional beds in the children's unit and seven beds in adult units in 2013-14; (b) the conversion of 2.95 PR information systems support positions in the DHS Bureau of Information Technology Services (BITS), which are currently funded by base GPR funding in the Division of Long Term Care (DLTC) transferred to BITS, to 2.95 GPR positions funded directly in DLTC; (c) the transfer of 2.00 positions from MMHI to the Division of Mental Health and Substance Abuse Services central office staff; and (d) other transfers of positions and funding in various DHS appropriations.